ASACR 1

Office of the President
September 18, 2026

Members, Board of Trustees:

POLICY ON ACADEMIC AND FINANCIAL SUSTAINABILITY

Recommendation: that the Board of Trustees approve the policy on Academic and Financial Sustainability.

Background: The University has an ongoing responsibility to align its academic portfolio and allocation of resources with its educational, research, healthcare and service/land-grant missions; student demand; the needs of the Commonwealth; academic quality; strategic priorities; and available financial resources. 2026 Kentucky Acts Chapter 169 (HB 490) identifies three reasons for which a faculty member may be removed by the board including financial exigency; low enrollment in a particular program or major; or misalignment of revenue and costs in a particular college, department, program or major. It further calls for a process to be established by the Board and provided to the faculty by October 1, 2026. The attached policy establishes the University's institutional framework for academic and financial sustainability review; restructuring decisions; appropriate documentation and transparency; plans for consideration of alternatives; determination of faculty positions needed for the continuing academic enterprise; assessment for expertise needed for the University and Commonwealth; and any resulting process required by applicable Kentucky law.

The Provost of the University supports this recommendation.

Action taken: ❑ Approved ❑ Disapproved ❑ Other____________________

POLICY ON ACADEMIC AND FINANCIAL SUSTAINABILITY

I. Purpose and Principles

The University of Kentucky is responsible for aligning its academic programs, activities, faculty capabilities and allocation of resources with its educational, research, service and land-grant missions; student demand; academic quality; workforce and Commonwealth needs; strategic priorities; and available financial resources.

The University recognizes the importance of tenure to its academic mission. At the same time, the University must retain the ability to responsibly steward institutional resources and to reorganize, consolidate, reduce, suspend, discontinue or otherwise modify academic units or activities when supported by bona fide financial reasons and authorized by applicable law, with a procedurally fair, well documented and transparent process.

The process called for by the General Assembly must consider the broader financial and academic context of the college/unit. More specifically, no academic unit or activity is required to be financially self-supporting in isolation, and no single metric regarding financial exigency is dispositive. Decisions under this policy shall reflect the totality of relevant academic, financial, operational, strategic, mission and Commonwealth considerations. This policy shall not be applied as a means to circumvent protections for academic freedom or as retaliation for protected faculty speech, scholarship, or participation in University governance.

For purposes of this policy – and in accordance with the legislative mandate -- “bona fide financial reasons” means financial circumstances or resource-allocation considerations that satisfy the requirements of applicable Kentucky law and are supported by reasonably available evidence demonstrating a legitimate institutional need to change the allocation of University resources.

II. Academic and Financial Sustainability Review

The University may conduct periodic academic portfolio and financial sustainability reviews as part of its ordinary institutional planning and stewardship. The President or Provost may initiate a focused review when circumstances indicate a material academic or financial sustainability concern, including circumstances involving financial exigency, sustained low enrollment or demand, misalignment of revenues and costs, or other bona fide financial circumstances recognized by applicable Kentucky law. A periodic review does not, by itself, initiate or require a personnel action.

The Provost is responsible for the academic analysis and judgment. The Executive Vice President for Finance and Administration (EVPFA) is responsible for the financial analysis and for confirming the bona fide financial basis of any proposed action involving personnel reductions. The Provost and EVPFA may designate appropriate University officials or experts to assist in the review including input from shared governance bodies.

A review may consider relevant factors including academic quality and mission; student demand, enrollment and degrees; instructional needs and faculty workload; research, scholarship and externally funded activity; accreditation, licensure and professional requirements; workforce and Commonwealth needs; revenues, costs and institutional subsidy; staffing and academic capacity; interdependence with other programs or units; strategic priorities; and relevant trends over an appropriate period.

III. Consultation and Consideration of Alternatives

The Provost shall provide the dean or other responsible administrator of an affected academic unit an opportunity to review relevant information, provide additional information, identify academic implications and propose alternatives including options for improvement. The Provost shall provide an appropriate opportunity for consultation with faculty of an affected academic unit, including faculty with relevant disciplinary knowledge, and may consult other faculty, administrators, persons with relevant expertise, and shared governance bodies. Such consultation should occur sufficiently early in the review to permit the information and alternatives presented to be considered before a recommendation is finalized. Consultation under this policy is advisory unless approval or concurrence is otherwise required by law or University policy.

Before recommending a restructuring that would eliminate an occupied faculty position, the University shall make a documented, good-faith consideration of reasonable alternatives appropriate to the circumstances. Alternatives may include reorganization or consolidation; modification, reduction, or suspension of academic activity; reassignment of faculty effort; use or elimination of vacant or temporary positions; attrition; shared services; retraining or redeployment; administrative or other budget reductions where appropriate; and voluntary separation or retirement arrangements. The administrative record shall identify material alternatives considered and the basis for the course selected. This policy does not require the University to adopt or exhaust every alternative considered, to establish that the selected action is the least restrictive or only available alternative, or to delay an otherwise appropriate institutional action while pursuing alternatives that reasonably would not address the identified concern.

IV. Restructuring Decision

Following review, the Provost may recommend to the President a restructuring or other institutional action supported by the academic and financial analysis. When the proposed action involves personnel reductions, the EVPFA must confirm that it is supported by bona fide financial reasons, along with consideration of alternative approaches to academic budgeting and cost allocation.

The President may approve, modify, return for further analysis or reject the proposed action. Academic program creation, modification, suspension or discontinuance remains subject to other applicable University academic approval requirements; those processes do not limit authority otherwise provided by law to address bona fide financial reasons.

V. Faculty Positions
When an approved restructuring requires fewer faculty positions, the Provost shall first determine the number and type of faculty positions and capabilities necessary for the future academic configuration. That determination shall be based on legitimate academic, financial and institutional needs and shall not be undertaken for the purpose of removing a particular faculty member. Only after the continuing academic needs and required positions or capabilities have been identified shall the University determine whether an occupied faculty position is affected.

When a choice among occupied faculty positions is necessary, the Provost may consider relevant academic and institutional factors within categories including: academic need and disciplinary expertise; instructional, research and scholarly contribution; institutional, professional and Commonwealth needs and priorities; and appointment, workload and service considerations. Relevant considerations within those categories may include ability to support required or high-demand instruction; research, scholarship, creative activity and external funding; graduate education; accreditation, licensure, clinical or professional requirements; documented workload and contributions; ability to support multiple programs or institutional priorities; leadership, service and advising; rank, appointment status and length of service; and other legitimate considerations. Before finalizing a recommendation affecting a particular occupied faculty position, the Provost shall obtain advisory input from faculty within the effected unit. The Provost may also include advisory input from individuals with appropriate knowledge of the affected academic unit, curriculum, discipline, or academic mission.

No single consideration, including seniority, controls unless required by applicable law or University policy. The central purpose of this determination is to preserve the faculty expertise and capabilities necessary for the continuing academic enterprise and the needs of the Commonwealth. The University shall retain discretion to determine the appropriate mix of faculty positions and capabilities necessary to fulfill its continuing academic, research, service and land-grant missions. The basis for eliminating occupied positions, including for distinguishing among similarly situated occupied positions, shall be documented in writing.

VI. Removal for Bona Fide Financial Reasons
If the President determines that implementation of an approved institutional action requires removal of a faculty member for bona fide financial reasons, the President shall initiate the process required by applicable Kentucky law and applicable Board of Trustees policy or resolution. Removal under this section shall result from the approved institutional action and identification of an affected position, and shall not be used as a substitute for proceedings applicable to discipline or termination for cause.

Where the asserted basis involves enrollment, demand, revenues, costs, or utilization, the analysis should ordinarily consider relevant trends over a meaningful period and distinguish sustained conditions from temporary or cyclical fluctuations. These factors are illustrative and do not independently establish that the statutory standard has been satisfied, and no predetermined quantitative threshold alone shall require or justify a faculty reduction.

The recommendation shall be supported by an administrative record identifying the bona fide financial basis for the action, the relationship between the proposed removal and the approved institutional action, the material alternatives considered, and the basis for identifying the affected position or faculty member. An affected faculty member shall be provided the notice, information, opportunity to respond, hearing rights, and other procedural protections required by applicable Kentucky law and Board policy, subject to legitimate confidentiality, privacy, and privilege requirements.

Procedures for notice, access to information, response, hearing, findings, and review shall be governed by applicable Kentucky law and Board policy or resolution.

The University shall maintain an appropriate written record of the process and disposition. Any final action shall be taken by the institutional authority required by applicable Kentucky law and University governance, including Board of Trustees action when required.